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SHEEO RELEASES
STATE HIGHER EDUCATION FINANCE FY 2014

The embargoed report is [available here](#).

On April 13, 2015, the full report and supplemental documents will be available on the SHEEO [website here](#).

Boulder, Colorado – State and local governments provided \$86.3 billion in FY 2014 to support higher education—a sizable increase from the prior year but still lower than the level that prevailed before the Great Recession. With 37 of the 50 states increasing their support, the average state and local support per student (adjusted for inflation) rose by 5.4% to \$6,522 and, for the first time in years the reliance of public colleges and universities on tuition income edged slightly lower (from 47.7% to 47.1%). These are among the highlights of a report released today by the State Higher Education Executive Officers Association (SHEEO).

The twelfth annual State Higher Education Finance (SHEF) report provides a comprehensive review of state and local funding, tuition revenue, enrollment trends, and degrees for public higher education—which enrolls and educates about 70% of all students in American postsecondary education programs.

In 2014, full-time equivalent (FTE) student enrollment fell 1.3 percent to 11.1 million FTE. This marked the third straight year of enrollment decline after the student population peaked in 2011 at 11.6 million FTE. George Pernsteiner, the president of SHEEO, noted that the increased investments by most states and the enrollment decline both indicate that economic recovery broadened in 2014 and show a recommitment by states to supporting higher education and students. “Paying for higher education is a real struggle for many American families. But it is good news that state investments have been better able to help students take the important step of enrolling in and completing college educations.”

Robert King, the chair of the SHEEO executive committee and president of the Kentucky Council on Postsecondary Education, noted, “We remain concerned, however, that in 2014, thirteen states actually reduced their support for higher education on a per student basis and the early signals this year suggest that other states are cutting higher education budgets right now. So, even though the majority of states are increasing their support for higher education, too many others have not. This will add pressure on institutions to raise tuition, and on students to incur more debt, or forego developing their talent entirely.”

Andrew Carlson, the SHEEO manager who was the primary author of the report, pointed out that “despite two years of per-student funding increases nationally, educational appropriations per student are 18.9 percent below 2008 pre-recession levels. Only three states have increased funding over that time period. Factoring in the tuition increases that occurred to offset cuts in state and local support, total education revenues per student are also down 2.0 percent nationally from 2008.”

Initial estimates from the *Grapevine* survey (online at <http://education.illinoisstate.edu/grapevine/>) show Fiscal Year 2015 appropriations continued to grow overall by 5.2 percent in nominal terms. However, ten states made reductions in 2015 and there is evidence that other states will make cuts in 2016 due to state budget revenue shortfalls, some caused by the low price of oil and others by slow economic recovery and changes in tax policy.

Although the share of per-student total educational revenue coming from tuition declined slightly from 47.7 percent in 2013 to 47.1 percent in 2014, this measure is nearing the 50 percent mark nationally while 25 years ago it stood around 25 percent. In fact, 25 states now receive more per-student revenue from net tuition than from educational appropriations, highlighting financial affordability for students as a major and growing issue, particularly for lower-income students and their families. This point was emphasized by Andy Tompkins, the vice chair of the SHEEO executive committee and the president of the Kansas Board of Regents, who said, “The long term trend of placing a greater reliance on student tuition rather than state support puts a real burden on families and represents a true challenge not just to the students and their families but to the states who will rely on their college graduates to help sustain civic and economic vitality.”

“Student financial aid is an ever more important investment by states, by the national government, and by private philanthropists,” said Teresa Lubbers, the immediate past chair of the SHEEO executive committee and the commissioner of higher education in Indiana. “States have begun to focus more on this element of their higher education investment—and can do more to use increased grant aid to help students earn their degrees.”

Peter Blake, SHEEO’s treasurer and the director of the State Council of Higher Education for Virginia, highlighted a new feature of the SHEF report, showing the proportion of students earning degrees in 2013 reached 23% of that year’s enrollment, the highest level since SHEEO began collecting this information in 2003. “Students are serious about earning their degrees and colleges and universities are committed to helping them do so. The value of an education does not rest only in degrees and credentials but those degrees are important signals to the individual, to businesses, and to society of a person’s perseverance and capability. But adequate public investment, both to support colleges and universities and to help students pay the costs of higher education, is essential if we, as Americans, are to reap the full value that college education can provide our economy and our society.”

In this twelfth annual report, the SHEEO study of state higher education finance analyzes state and local funding, net tuition, enrollment trends, and degrees to provide a comprehensive overview of state higher education finance. It complements the long-standing *Grapevine* survey of higher education appropriations released by Illinois State University. The data and analysis of this and future SHEF reports are intended to help higher education leaders and state policymakers focus on how year-to-year decisions fit into broader patterns of change over time, and to help them make decisions in the coming years that will meet the longer-term needs of the American people. The Web version of the FY 2014 report features new interactive tools that will help policymakers and analysts in the states to understand and to model the data in ways that could contribute to informed discussions about state policy and investment.

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The State Higher Education Executive Officers is the national association of the chief executives of statewide governing, policy, and coordinating boards of postsecondary education.